



**MINUTES
CITY COUNCIL WORK SESSION
December 7, 2021**

CALL TO ORDER

The meeting was called to order at 5:30 pm.

Present: Mayor: Charlie Miner; Council: Jahn Dyvik, Mike Feldmann, and Deirdre Kvale (arrived at 5:37 pm)

Staff Present: City Administrator: Scott Weske; Public Works Director: Sean Diercks; and City Clerk: Jeanette Moeller

Absent: Council: Gina Joyce (with prior notice)

APPROVE AGENDA

A motion was made by Dyvik, seconded by Feldmann, to approve the agenda as presented. Ayes: all. Motion carried.

OPEN CORRESPONDENCE

No one was in attendance to address the City Council during Open Correspondence.

BUSINESS ITEMS

Update Regarding Orono's Response to the Draft Master Utility Agreement

City Administrator Weske explained that he had put this item back on the work session agenda because the Council had ran out of time at their last work session meeting to discuss this issue. He indicated that he would like the Council to discuss and come to an understanding of what they see moving forward with regard to Long Lake's relationship with Orono from a utilities perspective. He stated that there have been discussions about possibly putting together a subcommittee, potentially to include Council member Dyvik and Mayor Miner because they are also on the subcommittee that is discussing the Fire Department situation. He noted that the thought is that utilities and fire service conversations can, and should, happen hand-in-hand.

Mayor Miner asked how far apart the two cities are between the City's draft agreement and Orono's response. He wondered if there would be a way to capture what the parties do agree on and what they disagree with as a starting point.

Weske agreed that a list should be pulled together and noted that staff is fairly certain that the two sides will be far apart and that there will be no room to negotiate. He observed that if the City wants to pursue working towards Orono fully committing to their own system, they will need to find a matrix that will allow that to happen within a certain amount of time.

The Council discussed some of the responses that were received from Orono to the draft master utility agreement, the capacity of the two systems, and the rates charged for Long Lake residents versus what Orono residents are being charged.

Weske noted that when exploring metering the mains at their connection points, he is looking at Orono as a business because they are turning around and selling back the water to their residents at

a higher rate and are profiting from it. Long Lake should be billing them as a business, and he highlighted the example of the Birch's which is charged a commercial rate. Birch's uses their water to brew beer, and then sells the beer to customers. He read aloud a statement from Orono's response letter that said that as a matter of fairness, the water rates for Orono residents should be the same as what Long Lake charges its residents. He emphasized that he disagrees with that statement because Orono is turning around and making an up-sale charge on the water provided by Long Lake.

Council member Feldmann commented that both the undercharging for the service and the business aspect of Orono charging their residents a higher rate is something for discussion.

Weske reiterated that there is a fairness issue and Long Lake is just trying to get Orono to pay their fair share of their impact to Long Lake's system. He has asked Metropolitan Council for assistance on this matter for the last five years, which they have not provided. The only thing Metropolitan Council had agreed to do would be to come out and conduct an audit which would be based on the metered and unmetered accounts. In his opinion, the whole system should be metered and then the unmetered accounts could be removed from the contract.

Mayor Miner questioned where the disagreement was between metering and usage for the two sides.

Weske responded that Orono just wants to have a bulk rate. He explained that right now, there are 78 Orono sewer connections into Long Lake's system, and only about 28 of them are metered.

Council member Dyvik inquired how the City was being compensated for those connections.

Weske replied that on a monthly basis, Orono sends him the readings for the houses that are served by contracts, he puts them on a spreadsheet and then bills them quarterly.

The Council discussed various ways to bill Orono such as something similar to how the Metropolitan Council charges; and commented on the importance of determining the maximum capacity for Long Lake's system to assure there are not problems later as development occurs.

Weske repeated that he feels it is very important to have conversations about this issue at the same time as Fire Department discussions continue.

Council member Kvale asked whether building out their own utilities would be a viable option for Orono. She inquired if the utilities issue may be something that could be easily fixed and questioned if Long Lake was just being a bit too generous.

The Council discussed the Metropolitan Council line, how it is metered when it comes into the City, and how it is metered when it leaves the City.

Council member Dyvik asked if Orono had any new developments that they were planning to plug into the City's utility system.

Weske responded that to his knowledge, they do not at this time. He noted that as Council member Kvale had referenced, Orono could build their own system to serve the impacted areas, and is just choosing not to.

Council member Dyvik asked about requiring Orono to televise everything upstream from the Long Lake boundary.

Public Works Director Diercks indicated that Orono is already supposed to be doing that, but he has not seen any footage of televising. He added that Orono does not have any urgency to do so because they are not getting charged for it.

Weske restated that staff wanted to get an understanding from the Council on how they feel the matter should move forward.

Council member Dyvik commented that he thinks metering the sewer coming into the City is key. He stated that he thinks there should be a flat rate that includes capital improvements and other related expenses, besides just the volume.

Weske added that there could also be a depreciation dollar amount included and gave the example of the Fire Department contract with Minnetonka Beach which includes provisions for a certain dollar amount per call hour, including depreciation. He stated that he believes the depreciation could be included because at some point, the City of Long Lake is going to have to replace those lines.

Council member Dyvik indicated that he thinks that just needs to be explained by City Attorney Thames in whatever he puts together for Orono. It needs to be explained that Long Lake cannot continue in the way it has because the City is losing money and the Long Lake residents are the ones that are paying for it. He asked how much the average Long Lake resident was paying for sewer.

Weske responded that sewer is billed at a base rate of \$39 plus usage over the quarter.

Council member Dyvik questioned if the idea was to have a meter for all the sewer connections.

Weske replied that metering would be added to the mains.

Council member Dyvik asked how many sewer meters would be needed in order to capture all of the Orono connections.

Diercks confirmed that he believes three or four meters would be needed.

Council member Dyvik stated that he believes metering is one of the first things that needs to be accomplished.

Diercks agreed on the importance of doing so in order to account for every drop.

Council member Feldmann noted that he has a lot of questions for City Attorney Thames about this issue; and he would like to know how much freedom the City has with the perpetuity contracts and whether the City has any leverage to get this figured out.

Weske suggested that the Council send him the questions that they have related to this issue, including their legal questions, so they can be answered and addressed.

Diercks expressed his opinion that he did not think Orono residents should be charged the same as Long Lake residents.

Council member Feldmann observed that Long Lake needs to have the freedom to do its job, to be able to develop as it sees fit, and Orono cannot and should not constrain the City from doing so.

Council member Dyvik stated that he would like to make sure that Long Lake is never handcuffed from allowing development that may occur because of things Orono has done.

Council member Feldmann suggested considering an approach that says Orono can have "X" number of gallons and that is it.

The Council discussed language in the current agreement versus the proposed language related to limiting capacity, as well as the fire services agreement.

Mayor Miner suggested that the discussion be taken in smaller chunks, finding out what common ground the two sides already have, and then proceeding with negotiation.

Council member Dyvik asked if there was a legal way to get rid of the 'perpetuity' from those agreements.

Weske reported that City Attorney Thames had expressed the opinion that it would be easier to renegotiate than to try going back on one of those agreements. He reiterated his suggestion about forming a subcommittee that consisted of Mayor Miner and Council member Dyvik so the conversations regarding this issue and the fire services issue can move forward hand-in-hand.

Diercks noted that he would love to see every well in Orono that is on Long Lake's sewer system disappear and changed over to City water.

Council member Dyvik stated that he would be comfortable with City Attorney Thames, Public Works Director Diercks, and City Administrator Weske trying to work out a revised draft based on what has been discussed tonight.

Weske confirmed that they will start on the staff side and loop Mayor Miner and Council member Dyvik in so the Fire Department conversations don't get too far ahead without having this issue moving along parallel to it.

Council member Kvale summarized that the objectives of Long Lake are to retain control over new connections; to limit new connections so that the City keeps capacity for itself; to recoup additional costs so that it is fair to the residents of Long Lake; and to ensure that Long Lake is getting fairly compensated based on metering, a commercial rate, or both.

OTHER BUSINESS

2022 Fee Schedule - City Clerk Moeller reported that the annual fee schedule adoption will be on the next Council meeting agenda, and provided an overview of some of the proposed fee increases.

ADJOURN

Hearing no objection, Mayor Miner adjourned the meeting by general consent at 6:28 pm.

Respectfully submitted,

Scott Weske
City Administrator